

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

LIFE TECHNOLOGIES CORPORATION,
and APPLIED BIOSYSTEMS, LLC,

Case No. C-12-00852 WHA (JCS)

Plaintiffs,

v.

**ORDER GRANTING IN PART AND
DENYING IN PART PLAINTIFFS'
MOTION FOR SANCTIONS [Docket No.
271]**

BIOSEARCH TECHNOLOGIES, INC.,
BIOSYNTHESIS, INC., and EUROFINs
MWG OPERON, INC.,

Defendants.

I. INTRODUCTION

On March 1, 2012, Plaintiffs Life Tech Technologies Corporation and Applied Biosystems, LLC ("Life Tech") filed a Motion for Sanctions for Violation of Protective Order (the "Motion"), alleging that two of Defendant Biosearch Technologies, Inc.'s ("Biosearch") attorneys at Morgan, Lewis & Bockius LLP ("Morgan Lewis") violated multiple court orders. Biosearch opposes the Motion. *See* Biosearch's Opposition to Plaintiff's Motion for Sanctions (the "Opposition"). On Friday, April 27, 2012, at 9:00 a.m, a hearing was held on the Motion. For the reasons stated below, the Motion is GRANTED in part and DENIED in part.

II. BACKGROUND

A. Factual Background

The facts giving rise to the dispute are not contested. On May 28, 2010, pursuant to P.R. 3-1 of the Eastern District of Texas, Life Tech produced 2,963 pages of laboratory notebooks to

Biosearch's outside counsel.¹ Each page of the production is designated "Outside Attorneys' Eyes Only" ("AEO"). On June 4, 2010, Jeffry Mann, Morgan Lewis patent prosecutor partner, forwarded to Dr. Ronald Cook, CEO of Biosearch, an email including embedded links to the inventor notebooks of the patents-in-suit. Declaration of Jeffry Mann in Support of Biosearch's Opposition to Plaintiffs' Motion for Sanctions ("Mann Decl."), ¶ 2. None of the other Morgan Lewis attorneys were aware that Mann sent the e-mail. *Id.* at ¶ 3.

After receiving the email, Dr. Cook downloaded the notebooks and had them printed and placed in binders. Declaration of Cora L. Schmid in Support of Plaintiffs' Motion for Sanctions ("Schmid Decl.") Ex. E (Cook Depo.), 18:8-19, 21:13-20, 22:2-11. Cook saved a copy of the notebooks on a "thumb drive" and provided the electronic copy of the notebooks to Biosearch employee Ben Sowers.² *Id.* at 23:13-15. On June 11, 2010, Cook excerpted four pages of Dr. Kenneth Livak's notebooks ("Livak Excerpts") and sent them in an e-mail in PDF format to Biosearch employee Marc Beal. Schmid Decl. Ex. J (June 11 Cook-Beal E-Mail) ("Find Livak eureka moment(s). This may prove hard for [Biosearch's expert witness Dr. Larry Parkhurst] to read!!").

On June 15, 2010, Sowers sent a single-page excerpt from the notebook of co-inventor Susan Flood ("Flood Excerpt") as a PDF attachment to an e-mail sent to Cook and Beal. Schmid Decl. Ex. F (Sowers Depo.), 11:5-13. Later the same day, Beal forwarded the e-mail with the attached Flood Excerpt to Cook, Sowers, and Jeff Oster, an attorney at Troll Busters LLC. *Id.* Ex. G (Beal Depo.), 11:3-8. In June 2010, Beal also forwarded to Dr. Lawrence Parkhurst the Livak

¹ The notebooks recorded a series of experiments on single- and dual-labeled nucleic acid probes conducted by Life Tech employees from 1992 to 1996. The results of the experiments led to the filing of the patents-in-suit: U.S. Patent Nos. 5,538,848; 5,723,591; 5,876,930; 6,030,787; and 6,258,569. Dkt. No. 1, Complaint. The inventors of the patents-in-suit are Kenneth J. Livak, Susan J. Flood, Jeffrey Marmaro, and Khairuzzaman Bashar Mullah. *Id.* The notebooks at issue are the notebooks of the above-listed inventors.

² On June 7, 2010, Cook sent an email to two colleagues, Marc Beal and Sowers, indicating he had the Livak notebooks. Schmid Decl. Ex. I (June 7 Email). Cook stated that they would "want to look at the Livak notebooks to get the context for Livak's experiments and some of the probes heworked [sic] with. The 94 notebook is a must read." *Id.*

1 Excerpt that he had received from Cook.³ Schmid Decl. Ex. G (Beal Depo.), 11:8-10, 34:13-19.

2 Cook was not aware of this disclosure to Dr. Lawrence Parkhurst. *Id.* Ex. E (Cook Depo.), 57:4- 8.

3 On or about June 17, 2010, Daniel Johnson, Jr., partner at Morgan Lewis and counsel for
4 Biosearch and Eurofins, learned that Mann had forwarded the Life Tech documents to Cook.
5 Declaration of Daniel Johnson, Jr. in Support of Biosearch's Opposition to Plaintiffs' Motion for
6 Sanctions ("Johnson Decl."), ¶ 3; Mann Decl. ¶ 3. Johnson immediately instructed Mann to notify
7 Cook that the documents were marked AEO, to cease any use of the documents, and to destroy all
8 copies of the documents. Johnson Decl., ¶ 4. Mann immediately e-mailed and called Cook to
9 instruct him accordingly. Mann Decl., ¶ 4. Cook was away on vacation but received the message.
10 Schmid Decl. Ex. E (Cook Depo.), 27:1-7, 20-23. No one informed Life Tech of the disclosure of
11 AEO documents.

12 On June 21, 2010, after returning from his vacation, Cook destroyed the hard copies and
13 electronic files of the notebooks, including the files on his "thumb drive." *Id.* at 28:7-15. He did
14 not, however, destroy any e-mails that had the PDF attachments of the Livak and Flood excerpts. *Id.*
15 at 28:24-29:11. Cook states that he never made any written notes, comments or highlighting on the
16 printouts of the notebooks in the binders or on the PDF documents. *Id.* at 23:2-4, 28:20-23.

17 At the same time, Cook instructed Sowers and Beal to destroy all copies they had of the
18 notebook materials. Schmid Decl. Ex. G (Beal Depo.), 41:5-19; Tautkus Decl. Ex. F (Sowers
19 Depo.), 17:3-15. Both Beal and Sowers state that they complied with Cook's instructions and
20 destroyed all electronic and hard copies of the notebook material. Schmid Decl. Ex. G (Beal Depo.),
21 41:24-42:16, Ex. F (Sowers Depo.) 18:4-7. The destroyed copies did not contain any notes or
22 highlighting. Tautkus Decl. Ex. G (Beal Depo.), 33:22-23, Ex. F (Sowers Depo.), 17:19-23. Sowers
23 did not, however, delete emails summarizing his analysis of the notebooks. *Id.* Ex. F (Sowers
24 Depo.), 17:19-23. Johnson and Mann confirmed with Cook that the notebook materials had been

25
26 ³ Dr. Lawrence Parkhurst is a Professor of Chemistry at the University of Nebraska.
27 Declaration of Rita Tautkus in Support of Biosearch's Opposition to Plaintiffs' Motion for Sanctions
28 ("Tautkus Decl.") Ex. C (Dr. Lawrence Parkhurst Depo.), 5:15-18. His wife, Dr. Laura Parkhurst, is a
retired Assistant Research Professor who formerly worked in her husband's laboratory. *Id.* Ex. D (Dr.
Laura Parkhurst Depo.), 5:17-6:4. Both are fact witnesses in this case and were deposed by Life Tech
in October 2010 regarding their work in the early 1990's.

deleted. Schmid Decl. Ex. E (Cook Dep.), 29:23-30:3; Mann Decl., ¶ 5; Johnson Decl., ¶ 5. There is no indication, however, that Parkhurst was asked to destroy the Livak Excerpt emailed to him by Beal. *See* Schmid Decl. Ex. E (Cook Depo.), 30:6-23. Nor is there any suggestion that Oster was told the same regarding the Flood Excerpt he received from Beal.

Life Tech remained unaware of the disclosure of the notebooks up to and following the entry of the protective order on April 6, 2011 in the Eastern District of Texas. Protective Order, Dkt. No. 174.⁴ Morgan Lewis attorney Rita Tautkus was responsible for drafting the protective order, with Johnson and Mann taking no part in its negotiations. Tautkus Decl., ¶ 2; Johnson Decl., ¶ 2; Mann Decl., ¶ 6. The protective order addresses disclosure of documents as follows:

In the event of any disclosure other than in a manner authorized by this Protective Order by a Receiving Party of CONFIDENTIAL or HIGHLY CONFIDENTIAL – OUTSIDE COUNSEL’S EYES ONLY material, the Receiving Party responsible for the disclosure shall immediately notify the Designating Party of all the pertinent facts and make every reasonable effort to prevent further unauthorized disclosure, including retrieving all copies of the CONFIDENTIAL or HIGHLY CONFIDENTIAL – OUTSIDE COUNSEL’S EYES ONLY material from the unauthorized recipient(s) thereof and securing the agreement of the unauthorized recipients not to further disseminate the CONFIDENTIAL or HIGHLY CONFIDENTIAL – OUTSIDE COUNSEL’S EYES ONLY material in any form. Compliance with the foregoing shall not prevent a party from seeking further relief from the Court.

Protective Order, Dkt. No. 174, ¶ 3(d).

Life Tech eventually discovered that the notebooks had been disclosed when it found a portion of the Livak notebook, and emails between Cook, Beal, and Sowers discussing the notebook, in Biosearch’s document production. Schmid Decl., ¶ 14. Beginning on November 3, 2011, Life Tech wrote a series of letters to Johnson regarding the discovery of the disclosed notebooks and seeking details of the occurrence. *Id.* Ex. P (Nov. 3 Letter). Johnson insisted the disclosure was inadvertent and that the problem was resolved. *Id.* Exs. C and D (Johnson Letters). Johnson assured that all copies of the notebooks were destroyed, save those contained in email correspondences in light of litigation hold procedures. *Id.* Morgan Lewis, Johnson reported, also “confirmed” that the notebooks were not provided outside of Biosearch. *Id.* Ex. D (Nov. 11 Johnson Letter). He

⁴ The April 6, 2011 protective order was superceded by an amended protective order entered on October 3, 2011. *See* Amended Protective Order, Dkt. No. 214. The amended order changed only the identity of some of the parties’ representatives. *Id.*

1 responded to Life Tech's concern that the notebooks were shared with the Parkhursts by stating that
2 "to our knowledge[,] no Life Tech lab notebooks were in the possession of the Parkhursts" *Id.*

3 The parties participated in a meet and confer on December 8, 2011, at which Johnson agreed
4 to make Cook, Sowers, and Beal available for deposition regarding the disclosure. *Id.* Ex. W (Dec. 8
5 Letter). All three Biosearch employees were deposed on December 20, 2011.

6 On February 22, 2012, the case was transferred from the Eastern District of Texas to the
7 Northern District of California. *See* Dkt. No. 238. Life Tech filed the present Motion on March 1,
8 2012.

9 **B. The Motion**

10 Life Tech seeks sanctions under both this Court's inherent authority and Rule 37(b) of the
11 Federal Rules of Civil Procedure. *Id.* at 5. Life Tech states that in order to impose sanctions, it need
12 only show, by clear and convincing evidence, "(1) that a court order was in effect, (2) that the order
13 required certain conduct by the respondent, and (3) that the respondent failed to comply with the
14 court's order." *Id.* at 6 (citing *Lyn-Lea Travel Corp. v. Am. Airlines, Inc.*, 283 F.3d 282, 291 (5th
15 Cir. 2002)).

16 Life Tech points to three alleged violations of court orders by Morgan Lewis that it contends
17 warrant multiple sanctions: 1) violation of the Eastern District of Texas's Patent Local Rule 2-2; 2)
18 improper reliance on "self-help" in attempting to claw-back the disclosure; and 3) violation of the
19 April 6, 2011 protective order.

20 First, Life Tech asserts that its production to Biosearch, which included the notebooks, was
21 made pursuant to the Eastern District of Texas's P.R. 2-2. Motion at 6. Under that rule, "disclosure
22 of the confidential document or information shall be limited to each party's outside attorney(s) of
23 record and the employees of such outside attorney(s)." *Id.* (citing Schmid Decl. Ex. B (P.R. 2-2)).
24 Life Tech argues that Mann violated this rule when he distributed Life Tech's document production
25 to Cook. *Id.*

26 Second, Life Tech appears to argue that Johnson and Mann violated its obligation to tell Life
27 Tech of the disclosure by engaging in "self-help" remedies that ultimately turned out to be
28 inadequate. *Id.* at 6-7 (citing *Visto Corp. v. Seven Networks, Inc.*, 2006 U.S. Dist. LEXIS 91453, at

1 *24-25 (E.D. Tex. Dec. 19, 2006)). Life Tech asserts that Morgan Lewis' actions following the
2 discovery of the disclosure were inadequate because "it allowed some unauthorized materials to
3 remain in Biosearch's email and deleted other documents before determining whether they contained
4 discoverable information." *Id.* at 7. Life Tech contends that, as a result of Morgan Lewis'
5 incomplete attempt to claw-back the disclosure, the notebooks remained in Biosearch's possession
6 and continued to be "reviewed" by Biosearch's competitive decision makers. *Id.* (citing Schmid
7 Decl. Ex. E (Cook Depo.), 28:24-29:4, 30:24-31:5). If Morgan Lewis had immediately informed
8 Life Tech of the disclosure, Life Tech argues, it "could then have directed removal of all
9 unauthorized materials from Biosearch's possession after such preservation of all materials,
10 confirmation of the deletion, and verification of the scope of the unauthorized disclosure." *Id.*

11 Third, Life Tech contends that Johnson and Mann violated the April 6, 2011 protective order
12 by not immediately informing Life Tech of the disclosure once the protective order became
13 effective. *Id.* at 8 (citing Protective Order, Dkt. No. 174, ¶ 3(d)). Life Tech rejects any suggestion
14 that the length of time between the disclosure and the entry of the protective order excuses Johnson's
15 and Mann's failure to notify Life Tech. *Id.* at 8 n. 7. Life Tech insists that Johnson knew of the
16 protective order's requirements well before it actually became effective, and Johnson should
17 therefore be held responsible for not revealing the disclosure, notwithstanding the passing of ten
18 months. *Id.* Life Tech also argues that Morgan Lewis' failure to "address Life Tech's concerns with
19 the gravity to which they were entitled" constitute an additional violation of the protective order. *Id.*
20 at 8-9.

21 Life Tech proposes four sanctions that it claims are appropriate in light of the violations
22 alleged above: 1) barring Mann and Johnson from participating in the prosecution of patents in the
23 same field of technology as the patents-in-suit; 2) barring Mann and Johnson from further access to
24 Life Tech's protected information; 3) excluding the testimony of the Parkhursts in this action; 4)
25 awarding Life Tech fees and costs incurred in enforcing the violated orders. *Id.* at 9.

26 Life Tech argues that the question of whether sanctions are proper here is governed by the
27 law of the Fifth Circuit, not the Ninth Circuit. Life Tech states that "because the violated local rules
28 and Court order are those of the Eastern District of Texas, that court has the stronger interest in

1 enforcing these orders.” *Id.* at 5 n. 4. Under Fifth Circuit law, which Life Tech contends does not
2 differ relevantly from Ninth Circuit law, the above sanctions may be imposed even if the disclosure
3 was inadvertent because the law does not require a showing of “willful or ‘contumacious’
4 misconduct for sanctions that are less harsh than dismissal or default judgment.” *Id.* at 9 (quoting
5 *Trenado v. Cooper Tire & Rubber Co.*, 274 F.R.D. 598, 600 (S.D. Tex. 2011)).

6 First, regarding imposing the patent prosecution bar on Johnson and Mann, Life Tech argues
7 such a sanction is justified since Mann and Johnson, “who have violated court orders and shown
8 disregard for Life Tech’s highly confidential materials, may inadvertently use Life Tech’s highly
9 confidential information if they prosecute patents for Life Tech’s competitors.” *Id.* at 11-12. Life
10 Tech asserts that its in-house counsel had to sign the prosecution bar—which forbids the prosecution
11 of patents in the same field of technology as the patents-in-suit throughout the pendency of this case
12 and for a period of eighteen months following the final disposition of this action—in order to view
13 Biosearch’s highly confidential information, and Johnson and Mann should now be subject to the
14 same restrictions. *Id.*

15 Second, Life Tech contends that Mann can no longer be trusted with Life Tech’s confidential
16 information because of his admitted disclosure and thus he should be precluded from further access
17 to such information. *Id.* at 12 (citing *Visto*, 2006 U.S. Dist. LEXIS 91453, at *24). Life Tech argues
18 that a similar ban is warranted for Johnson because his signing Morgan Lewis’ filings regarding the
19 stipulated protective order imposed a “particular duty” to comply with the protective order. *Id.* at
20 12-13. Life Tech asserts that Johnson’s failure to comply warrants banning him from receiving Life
21 Tech’s confidential information. *Id.*

22 Third, Life Tech contends that the Parkhursts’ testimony should be precluded from this case
23 because any testimony they give “has been inherently tainted.” *Id.* at 14. Life Tech argues there is a
24 significant chance that the exposure to the notebooks will color Dr. Larry Parkhurst’s invalidity
25 testimony, pointing to Cook’s belief that the notebooks would have a large impact on Parkhurst. *Id.*
26 (citing Schmid Decl. Ex. J (June 11 Cook-Beal Email) (“This may prove hard for Larry to read!!”)).
27 Although there is no indication Dr. Laura Parkhurst ever saw the notebooks, because her husband,
28 Dr. Larry Parkhurst, was given the notebooks without notice of their confidential nature, “the risk

1 that he shared the information he learned from these documents with his wife . . . [is] too great.” *Id.*
2 at 14.

3 Fourth, Life Tech seeks an award of attorneys fees and costs it has incurred to date “seeking
4 to enforce this Court’s protective orders.” *Id.* at 15. Life Tech states its fees and costs—totaling
5 \$27,400.42—are reasonable and should be awarded. *Id.* (citing *Brocade Commc’ns Sys. v. A10*
6 *Networks, Inc.*, U.S. Dist. LEXIS 99932, at *18-19 (N.D. Cal. Sept. 6, 2011)).

7 C. The Opposition

8 Biosearch rejects Life Tech’s arguments and contends that there is no basis for sanctions.
9 Opposition at 6. Specifically, Biosearch argues that Life Tech fails to make the requisite showing
10 that “Defendants and their attorneys had engaged in bad faith conduct or willful conduct that
11 exceeded gross negligence.” Opposition at 5-6 (citing *Armored Group, LLC v. Supreme Corp.*, 2010
12 U.S. Dist. LEXIS 21822, at *5 (D. Ariz. Feb. 22, 2010)). Biosearch maintains that the disclosure to
13 Cook was inadvertent and that Johnson and Mann “clawed back the notebooks and confirmed that
14 all copies had been destroyed.” *Id.* at 7. Biosearch argues further that no bad faith or willfulness has
15 been established with respect to the lack of notification by Morgan Lewis attorneys to Life Tech,
16 and suggests that the passage of time is the reason for Morgan Lewis’ silence. *Id.* Additionally,
17 Biosearch contends that the “self-help” language Life Tech cites from *Visto* is taken out of context
18 and does not apply to the actions of Johnson and Mann. *Id.* at 8 (citing *Visto*, 2006 U.S. Dist.
19 LEXIS 91453, at *24-25).

20 Next, Biosearch asserts that sanctions are unwarranted because Life Tech has not established
21 that the notebooks contain confidential information and that it has been prejudiced by the disclosure.
22 *Id.* at 6. With respect to the five notebook pages that were distributed within and outside Biosearch,
23 Defendant maintains that “most of the information was publicly available in published articles or the
24 patents-in-suit.” *Id.* at 8. Additionally, Cook, Beal, and Sowers, all testified that the content in the
25 notebook excerpts was already publicly available. *Id.* (citing Tautkus Decl. Ex. E (Cook Depo),
26 34:12-22; *Id.* Ex. G (Beal Depo.), 21:18-24, 26:6-27:11; Schmid Decl. Ex. F (Sowers Depo.), 11:23-
27 12:3). Even for information in the notebooks that are not publicly available, Biosearch argues that
28

1 Life Tech has not met the standard under the protective order for designating material confidential;
2 namely, that the that the material constitutes or contains “confidential research and development
3 information for future products” or “information of an extremely sensitive nature that, if
4 disclosed without restriction, may cause competitive harm to the Designating Party.” *Id.* at 9 (citing
5 Protective Order, Dkt. No. 174, ¶ 3).

6 Furthermore, Life Tech has not been injured by the disclosure because the Parkhursts’
7 testimony would not address the subject matter of the inventions claimed in the patents-in-suit or the
8 subject matter in the Livak Excerpts. *Id.* at 9-10. Rather, Biosearch argues, their testimony will
9 focus on their own work conducted in the early 1990's that are prior art to the patents-in-suit. *Id.*
10 None of the three Biosearch employees that received notebook materials will testify in this case, and
11 there is no indication that Biosearch intends to use its knowledge of the material in the notebooks for
12 its commercial products or business. *Id.* Mr. Oster, an attorney who received the Flood Excerpt, is
13 unconnected with this case. *Id.* at 10. Finally, Biosearch contends that the deposition testimonies of
14 the Biosearch employees establishes that no discoverable information was destroyed in the process
15 of deleting the notebooks. *Id.*

16 Even if Life Tech is able to meet the high bar required for sanctions, Biosearch argues, the
17 four sanctions Life Tech proposes are unwarranted. *Id.* at 11. First, regarding the prosecution bar,
18 Biosearch contends that the sanction is inappropriate as applied to Johnson and Mann because the
19 sanction does not bear any relationship to the alleged risks raised by Life Tech. *Id.* at 11-12.
20 Johnson is not a patent prosecutor or admitted to practice before the U.S. Patent and Trademark
21 Office, making the sanction “nonsense.” *Id.* at 11. Moreover, Biosearch argues that it is illogical for
22 Life Tech to argue that the prosecution bar is required because Johnson—who did not disclose any
23 confidential information—may inadvertently use Life Tech’s confidential information if he
24 prosecutes patents for Life Tech’s competitors. *Id.* at 11-12. Mann should also not be subject to the
25 prosecution bar because there is no explanation why Mann’s past actions show he is a risk to use
26 Life Tech’s confidential information in a patent prosecution. *Id.* at 12. Biosearch argues that Life
27 Tech’s failure to assert earlier that Mann was subject to the bar reveals that Life Tech does not
28

1 actually think Mann prosecutes patents related to the technology at issue in this lawsuit. *Id.* (citing
 2 Joint Motion to Enter Protective Order and Rule on Disputed Issues, Dkt. No. 104).

3 Second, Biosearch contends that precluding Johnson and Mann from access to Life Tech’s
 4 designated documents is inappropriate and is effectively a request that Johnson, who is lead trial
 5 counsel for Biosearch and Eurofins, and Mann be banned from the case. *Id.* at 13. Biosearch states
 6 that approximately 998,000 documents produced by Life Tech to date appear to be designated either
 7 “Confidential” or “Highly Confidential – Outside Counsels’ Eyes Only.” *Id.* (citing Tautkus Decl.,
 8 ¶¶ 4-5). Because the alleged conduct will not have a “continuing effect” on the proceedings,
 9 disqualification is not warranted. *Id.* (citing *Krzyzanowski v. Orkin Exterminating Co., Inc.*, 2009
 10 U.S. Dist. LEXIS 113200, at *9 (N.D. Cal. Nov. 19, 2009)).

11 Third, the Parkhursts should not be precluded from testifying because their testimony is
 12 unrelated to the content of the patents-in-suit. *Id.* at 14-15. With respect to Dr. Lawrence Parkhurst,
 13 the only discussion of Livak’s work at his deposition related to whether he had seen the patents-in-
 14 suit or discussed them with anyone. *Id.* at 14 (citing Tautkus Decl. Ex. C (Dr. Lawrence Parkhurst
 15 Depo.), 202:24–204:2, 205:4–206:5, 208:20–210:7; 214:18-20, 215:20–217:18). Dr. Laura
 16 Parkhurst, Biosearch asserts, was not questioned at all about Livak or his work. *Id.* Furthermore,
 17 precluding their testimony would “significantly prejudice” Defendants because the “facts relating to
 18 their work in the early 1990’s is a lynchpin to Defendants’ invalidity defense.” *Id.* at 14-15 (citing
 19 Johnson Decl. ¶ 7).

20 Fourth, Life Tech’s request for costs and fees should be denied because they have not
 21 established a basis for sanctions, as described above. *Id.* at 15.

22 **D. The Reply**

23 Life Tech responds to the Opposition by pointing out that Biosearch does not contest that its
 24 attorneys violated court orders. Plaintiffs’ Reply to Opposition to Motion for Sanctions for
 25 Violation of Protective Order (“Reply”), 1-2. Furthermore, Life Tech argues, Biosearch does not
 26 contest that the Motion is governed by Eastern District of Texas law. Reply at 2. To the extent
 27 Biosearch relies on Ninth Circuit law, that reliance is misplaced, and the caselaw is distinguishable.
 28

Id. at 5. Life Tech asserts that neither the Northern District of California, nor the Eastern District of Texas, require a finding of bad faith or willfulness for sanctions, under Rule 37 or the Court's inherent authority, less severe than dismissal or default. *Id.* at 5-6 (citing *Brocade*, U.S. Dist. LEXIS 99932, at *4-5, *11-14; *United States v. Nat'l Med. Enters., Inc.*, 792 F.2d 906, 910-11 (9th Cir. 1986); *Chilcutt v. United States*, 4 F.3d 1313, 1322 (5th Cir. 1993); *Lyn-Lea*, 283 F.3d at 290).

Additionally, Life Tech argues that Biosearch's insistence that the notebooks should not have been designated as confidential and that Life Tech was not harmed by the disclosure is irrelevant and should be rejected by the Court. *Id.* at 7-8. Such factors are simply not considered when awarding sanctions, Life Tech contends. *Id.*

III. ANALYSIS

A. Legal Standard

Rule 37 of the Federal Rules of Civil Procedure grants courts the authority to impose sanctions where a party has violated a discovery order, including a protective order issued pursuant to Rule 26(f).⁵ Fed. R. Civ. P. 37(b)(2); see *Nat'l Med.*, 792 F.2d at 910; *Harmston v. City and County of San Francisco*, 2007 WL 3306526, at *3 (N.D. Cal. Nov. 6, 2007) (Illston, J.) (analyzing violation of protective order under Rule 37). In particular, Rule 37(b)(2) provides, in relevant part, as follows:

Sanctions in the District Where the Action Is Pending.

(A) For Not Obeying a Discovery Order. If a party or a party's officer, director, or managing agent--or a witness designated under Rule 30(b)(6) or 31(a)(4)--fails to obey an order to provide or permit discovery, including an order under Rule 26(f), 35, or 37(a), the court where the action is pending may issue further just orders. They may include the following:

(i) directing that the matters embraced in the order or other designated facts be taken as established for purposes of the action, as the prevailing party claims;

(ii) prohibiting the disobedient party from supporting or opposing designated claims or defenses, or from introducing designated matters in evidence;

(iii) striking pleadings in whole or in part;

⁵ Rule 26(f)(3) addresses the development of a discovery plan and references "any other orders that the court should issue under Rule 26(c)," the rule addressing protective orders. Fed. R. Civ. P. 26(f)(3)(F).

- (iv) staying further proceedings until the order is obeyed;
- (v) dismissing the action or proceeding in whole or in part;
- (vi) rendering a default judgment against the disobedient party; or
- (vii) treating as contempt of court the failure to obey any order except an order to submit to a physical or mental examination.

...

(C) Payment of Expenses. Instead of or in addition to the orders above, the court must order the disobedient party, the attorney advising that party, or both to pay the reasonable expenses, including attorney's fees, caused by the failure, unless the failure was substantially justified or other circumstances make an award of expenses unjust.

Fed. R. Civ. P. 37(b)(2). Sanctions are permissible under Rule 37 when a party fails to comply with a court order, regardless of the reasons. *See Societe Internationale Pour Participations Industrielles et Commerciales, S.A. v. Rogers*, 357 U.S. 197, 208 (1958) (“[T]he willfulness or good faith of [a party], can hardly affect the fact of noncompliance and [is] relevant only to the path which the District Court might follow in dealing with [the party’s] failure to comply.”); *David v. Hooker, Ltd.*, 560 F.2d 412, 420 (9th Cir. 1977) (“in view of the possibility of light sanctions, even a negligent failure [to obey an order] should come within” Rule 37); *Chicult v. U.S.*, 4 F.3d 1322, 1320 n. 23 (5th Cir. 1993) (citing *Societe* for the proposition that “the type of conduct displayed by a party had no bearing on *whether* sanctions should be imposed, but only on the *type* of sanctions imposed”).⁶

This Court, on motion or on its own, may also issue sanctions under Rule 16(f) in the event that a party or their attorney fails to obey a scheduling or pretrial order. Fed. R. Civ. P. 16(f). The Court may issue any just sanctions, including those authorized by Rule 37(b)(2)(A)(ii)-(vii). *Id.* Additionally, the Court must award reasonable expenses, including attorney’s fees, incurred as a result of the violation, “unless the noncompliance was substantially justified or other circumstances make an award of expenses unjust.” *Id.*

Finally, this Court may issue sanctions under its inherent power, but only upon a showing of

⁶ Because the local rule and protective order alleged to have been violated “are those of the Eastern District of Texas,” Life Tech contends that the law of that district should apply to its Motion. Although Defendants do not directly dispute the issue in their Opposition, the Court need not rule on the matter because it finds that the outcome is the same under either Fifth Circuit or Ninth Circuit precedent.

bad faith. *See Chambers v. NASCO, Inc.*, 501 U.S. 32, 43-46 (1991); *See also Mendez v. County of San Bernardino*, 540 F.3d 1109, 1130-33 (9th Cir. 2008) (vacating sanction order imposed under district court's inherent powers where the court did not make a bad faith finding before imposing sanctions and the record did not support such a finding); *Fink v. Gomez*, 239 F.3d 989, 992 (9th Cir. 2001) (noting that *Chambers* used "'bad faith' as a shorthand term to encompass a broad range of conduct in observing that a party may 'show[] bad faith by delaying or disrupting the litigation or by hampering enforcement of a court order'" (quoting 501 U.S. at 46)); *Toon v. Wackenhut Corrections Corp.*, 250 F.3d 950, 952 (5th Cir. 2001) ("The court must make a specific finding of bad faith" in order to issue sanctions under its inherent powers.).

Furthermore, "when there is bad-faith conduct in the course of litigation that could be adequately sanctioned under the Rules, the court ordinarily should rely on the Rules rather than [its] inherent power." *Chambers*, 501 U.S. at 50. "Because of the potency of inherent powers and the limited control of their exercise, however, they must be used with great restraint and caution." *Toon*, 250 F.3d at 952 (quoting *Natural Gas Pipeline Co. of Am. v. Energy Gathering, Inc.*, 86 F.3d 464, 467 (5th Cir. 1996)).

B. Whether Sanctions Should be Imposed

1. Patent Local Rule 2-2

a. Violation of the Patent Local Rule

Biosearch does not dispute that Mann violated Patent Local Rule 2-2. *See* Eastern District of Texas Patent Rule 2-2 (limiting disclosure of confidential information "until a protective order is issued by the Court"). Particularly in patent cases, it is critical that outside counsel handle the opposing party's confidential information with the utmost caution. Although inadvertent, Mann's disclosure of AEO information to his client resulted from his failure to even glance at the documents he sent to Cook, which were clearly designated AEO.

Because Mann violated the patent local rule, the Court will turn to what sanctions, if any, are warranted in light of the violation.⁷

b. Appropriate Sanctions

Life Tech seeks four sanctions for Mann's violation of the patent local rule: 1) barring Mann from participating in the prosecution of patents in the same field of technology as the patents-in-suit; 2) barring Mann from further access to Life Tech's protected information; 3) excluding the testimony of the Parkhursts in this action; 4) awarding Life Tech fees and costs incurred in enforcing the violated order. *Id.* at 9. Each of the proposed sanctions are discussed below in turn.

i. Patent Prosecution Bar

Life Tech's request to have the Court subject Mann to the 18-month patent prosecution bar is denied by the Court.

"The Supreme Court . . . determined that decisions to impose sanctions under Rule 37(b) must be guided by two important considerations: The sanction must first of all be just, and it must

⁷ Biosearch argues that, despite the violation, sanctions cannot be issued because there is no showing of willfulness or bad faith. However, as discussed above, such a showing is not a prerequisite for sanctions issued under the Federal Rules of Civil Procedure.

Regarding that authority under the Federal Rules, the Court notes that it is not entirely clear that it may award sanctions for a violation of a local rule under Rule 37(b). *Compare Network Caching Tech., LLC v. Novell, Inc.*, 2003 WL 21699799, at *3 (N.D. Cal. Mar. 21, 2003) (Walker, J.) (declining to consider Rule 37 as a basis for sanctions for party's alleged violation of a patent local rule requiring disclosure because sanctions under Rule 37 are "limited" and the "Ninth Circuit has declined to extend these sanctions to general discovery disputes under the rule" (quoting *Halaco Eng'g Co. v. Costle*, 843 F.2d 376, 380 (9th Cir. 1988))) *with Biax Corp. v. NVIDIA Corp.*, 2011 WL 63650, at *2 (D. Colo., Jan. 7, 2011) (applying Rule 37(b) where party violated local rule governing the discovery process). Biosearch, however, does not object to the Court's authority to issue sanctions under Rule 37(b) for a violation of a local rule.

Rule 16(f), however, certainly provides the Court with an alternative basis on which to award sanctions for a violation of a local rule governing pretrial matters. *See Guru Denim, Inc. v. Hayes*, 2010 WL 1854020 (C.D. Cal. May 6, 2010) (evaluating sanctions for violation of pretrial local rules under Rule 16(f)). Local rules "have the force of law," *Hollingsworth v. Perry*, 130 S. Ct. 705, 710 (2010), and patent local rules, in particular, are vital to the pretrial process, *see STMicroelectronics, Inc. v. Motorola, Inc.*, 307 F. Supp. 2d 845, 849 (E.D. Tex. 2004) ("Importantly, litigants are to read the Patent Rules as controlling exceptions to the Federal Rules of Civil Procedure, the local rules of the Eastern District, and other federal law. The Court's Patent Rules are specific exceptions to the normal pretrial procedures that the Court has enacted to effectuate an orderly and efficient pretrial process."); *Integrated Circuit Sys. v. Realtek Semiconductor Co.*, 308 F. Supp. 2d 1106, 1107 (N.D. Cal. 2004) (Zimmerman, J.) ("The purpose of the Patent Local Rules is to place the parties on an orderly pretrial track . . ."). The Court therefore finds that it may award sanctions for the violation of Patent Local Rule 2-2, which governs initial discovery disclosures, under both Rule 37(b) and Rule 16(f).

1 ‘specifically relate[] to the particular “claim” which was at issue in the order to provide discovery.’”
 2 *Chicult*, 4 F.3d at 1320-21 (quoting *Ins. Corp. of Ireland, Ltd. v. Compagnie des Bauxites de Guinee*,
 3 456 U.S. 694, 707 (1982)). The Court cannot conclude that the sanction of a prosecution bar
 4 “specifically relates” to the particular “claim” at issue in the discovery order; namely, the disclosure
 5 of confidential information in violation of the local rule. Life Tech argues that the prosecution bar is
 6 necessary to ensure that Mann does not “inadvertently use Life Tech’s confidential information if
 7 [he] prosecute[s] patents for Life Tech’s competitors.” Motion at 11-12. However, Life Tech’s fear
 8 of Mann inadvertently using its confidential information in a patent prosecution is not related to his
 9 conduct or the consequences arising from that conduct that is at issue here. Moreover, such a
 10 sanction would not be “just” under these circumstances. The Court also notes that Mann was
 11 *allowed* to have access to Life Tech’s AEO material. Accordingly, the prosecution bar will not be
 12 imposed pursuant to either Rule 37(b) or Rule 16(f).

13 Likewise, this Court’s inherent powers is also an inappropriate basis, under the
 14 circumstances of this case, on which to order a prosecution bar. In addition to the sanction being
 15 unrelated, as discussed above, a prerequisite to the use of the Court’s inherent powers is a finding
 16 that the nonmoving party engaged in bad faith conduct. Life Tech does not allege, nor can the Court
 17 conclude, that Mann’s disclosure to Cook was done in bad faith.

18 **ii. Precluding Mann From Further Access to Life Tech’s**
 19 **Designated Information**

20 The Court grants Life Tech’s request to impose a bar on Mann’s access to Life Tech’s AEO
 21 information.

22 The parties dispute the type of conduct that is required in order for this Court to impose
 23 sanctions under Rule 37(b) or, for that matter, Rule 16(f). As noted above, the type of conduct
 24 required varies depending on the particular sanction at issue. *Chicultt v. U.S.*, 4 F.3d at 1320 n. 23
 25 (citing *Societe* for the proposition that “the type of conduct displayed by a party had no bearing on
 26 *whether* sanctions should be imposed, but only on the *type* of sanctions imposed”). The Fifth Circuit
 27 has identified a spectrum of conduct—from negligence, to causing prejudice, to bad faith and
 28 willfulness—that may justify the imposition of a sanction that corresponds in severity with the

1 party's conduct. *See F.D.I.C. v. Conner*, 20 F.3d 1376, 1380 n. 3 (5th Cir. 1994). Dismissal, the
2 most extreme sanction,

3 is appropriate only if the refusal to comply results from willfulness or bad faith and is
4 accompanied by a clear record of delay or contumacious conduct. Further . . . the discovery
5 order must be attributable to the client instead of the attorney[,] [and] the violating party's
6 misconduct "must substantially prejudice the opposing party." Finally, . . . dismissal is
usually improper if a less drastic sanction would substantially achieve the desired deterrent
effect.

7 *Id.* at 1380-81 (citations omitted). On the other hand, some of the least harsh sanctions, such as
8 establishment of certain facts, do not require a showing of prejudice, let alone a finding of bad faith
9 or willfulness. *See Id.* at 1380 n. 3; *Chilcutt*, 4 F.3d at 1320 n. 17. "Simply put, while lesser
10 sanctions may be imposed without a showing of prejudice, more severe sanctions are justified only if
11 the opposing party has suffered some palpable prejudice." *Id.*

12 So the question in regards to the request to preclude Mann from further access to Life Tech's
13 confidential information is what type of conduct is required in order to impose that particular
14 sanction. Life Tech does not address this question in its motion, and instead relies on *Visto Corp. v.*
15 *Seven Networks, Inc.*, 2006 U.S. Dist. LEXIS 91453, at *24-25 (E.D. Tex. Dec. 19, 2006), which
16 barred two attorneys from further receipt of confidential information in that case. The attorneys'
17 conduct in *Visto*, however, involved bad faith and willfulness, and the Court therefore finds it
18 inapposite to this case.⁸ Nonetheless, while the Court notes that barring Mann from accessing Life
19

20 ⁸ One of the attorneys in *Visto*, Mr. Warder, who signed a patent prosecution bar required by
21 the protective order, violated the prosecution bar twice. *Visto*, 2006 U.S. Dist. LEXIS 91453, at *15-18.
22 After the first violation, which he claimed was inadvertent, Warder promised not to violate the bar
23 again. *Id.* Subsequently, however, the court found that Warder was continuing to prosecute patents,
and worse, he was attempting to conceal his prosecution activities by having a colleague sign
prosecution documents. *Id.* at 18-21. The court found that this conduct warranted barring Warder from
receiving further confidential information in the case or in any other case on the court's docket
involving *Visto*. *Id.* at 24.

24 The second attorney, Ms. Gillette, was found to have unilaterally claimed the right to designate
25 and redact certain portions of documents secured under the protective order before showing them to her
witnesses. *Id.* at 19. After opposing counsel objected to her actions, the court found that Ms. Gillette
26 obstructed counsel's attempt to gain information about the unauthorized behavior. *Id.* at 24. The court
also noted that Ms. Gillette's conscious violation of the protective order—her decision to redact portions
27 of the confidential documents as she saw fit—was an inexcusable resort to "self-help," notwithstanding
contentions that the provisions of the protective order were "burdensome or onerous." *Id.* at 24-25.

28 Although the court in *Visto* did not address explicitly whether the conduct at issue was willful
or done in bad faith, it would not be unreasonable to conclude that it was.

1 Tech's AEO information is a fairly harsh sanction, the Court still finds this sanction appropriate.
 2 The Court cannot conclude that the disclosure of 2,963 pages of AEO, proprietary scientific
 3 laboratory notebooks to the CEO of a rival company did not cause Life Tech any prejudice. *See*
 4 *Connor*, 20 F.3d at 1380 n. 3. As evidenced by the email discussions among Biosearch employees
 5 upon receiving the disclosure, the notebooks were a flashpoint of conversation and Cook excerpted
 6 portions of the notebook he indicated include the author's "eureka moment(s)." Moreover, that
 7 excerpt eventually made it to Dr. Parkhurst, a testifying expert in this litigation. Barring Mann from
 8 further access to AEO documents in this case is warranted under these circumstances.

9 **iii. Excluding the Testimony of the Parkhursts**

10 Life Tech's request to bar the entire testimony of both Dr. Larry Parkhurst and Dr. Laura
 11 Parkhurst is unpersuasive and the Court denies such a sanction. The Court, however, does preclude
 12 the Parkhursts from testifying on the subject of the contents of the patents-in-suit or the contents of
 13 the improperly disclosed inventor notebooks.

14 As discussed above, Rule 37(b)(2)(A)(ii) allows a court to impose sanctions "prohibiting the
 15 disobedient party from . . . introducing designated matters in evidence." Fed. R. Civ. P.
 16 37(b)(2)(A)(ii). Although willfulness and bad faith are not requirements for imposing sanctions
 17 under Rule 37, the willfulness and good faith of party are a factor in determining what type of
 18 sanction to impose. *See Chicult*, 4 F.3d at 1320 n. 23. When a court excludes evidence under Rule
 19 37, the court should do so only where there is a finding of prejudice to the nonoffending party. *See*
 20 *Rooney v. Sierra Pacific Windows*, 2011 WL 2149097, at * 3 (N.D. Cal., June 1, 2011) (Koh, J.)
 21 ("Evidentiary preclusion is a harsh sanction that generally is not imposed where the failure to
 22 provide discovery was either substantially justified or harmless."); *Allergan, Inc. v. Sandoz Inc.*,
 23 2011 U.S. Dist. LEXIS 69429, at *19-20 (E.D. Tex. June 28, 2011) (striking an expert report and
 24 precluding that expert from testifying at trial where the party presenting the expert caused "extreme
 25 prejudice" by inadvertently disclosing confidential information to a witness not designated on its list
 26 of potential experts).

27 Life Tech argues that the Parkhursts should be precluded entirely from testifying in this case
 28 because their exposure to the five-page Flood Excerpt "inherently taint[s]" their testimony. Life

Tech cites *Allegran* for the proposition that such evidentiary sanctions can be imposed notwithstanding the inadvertent nature of the conduct. Motion at 10-11; Reply at 14-15. While this is true, Life Tech ignores the *Allegran* court's explicit finding of "extreme prejudice" supporting the blanket exclusion of an expert's testimony. *Allegran*, 2011 U.S. Dist. LEXIS 69429, at *18-20. Life Tech does not dispute Biosearch's contention that the Parkhursts' testimony is the "lynchpin to Defendants' invalidity defense." Opposition at 15; Reply at 14. Accordingly, to impose such a harsh sanction as a blanket preclusion of their testimony, Life Tech must make a showing of extreme prejudice resulting from Mann's conduct. While the Court does not contest that Life Tech incurred some prejudice as a result of Mann's conduct, such prejudice has not been shown to be so great as to warrant such a harsh sanction. Moreover, it is not clear to the Court how every aspect of the Parkhursts' testimony is now tainted by exposure to five pages of Livak's notebook. Although Cook seemed excited for Dr. Larry Parkhurst to read the excerpt, it does not follow that exposure to the excerpt taints his entire testimony. Life Tech has not explained the connection between the contents of the notebook and the Parkhursts' testimony.

However, the Court finds it warranted to issue an order precluding the Parkhursts from testifying on the subject of the contents of the patents-in-suit or the contents of the improperly disclosed inventor notebooks. Dr. Larry Parkhurst's exposure, and any exposure Dr. Laura Parkhurst had to the notebooks, would be remedied by this preclusion. The Court cannot conclude that Mann's violation of the patent local rule was substantially justified or completely harmless to the extent the Parkhursts testify to the contents of the patents-in-suit or of the notebooks. *See Rooney*, 2011 WL 2149097, at * 3. The Court accordingly grants the limited sanction stated above.

iv. Life Tech's Fees and Costs

Rule 37 and Rule 16(f) require this Court to order an offending party to pay the reasonable attorney fees and costs caused by its failure unless the failure was substantially justified or other circumstances make an award of expenses unjust. Fed. R. Civ. P. 37(b)(2)(C); Fed. R. Civ. P. 16(f)(2). Biosearch's contention that a sanction imposing fees and costs are not warranted because it

1 has not acted in bad faith is contrary to the clear language of the Federal Rules.⁹ Because the Court
2 finds that Mann's unauthorized disclosure was not substantially justified and that an award of fees
3 and costs would not otherwise be unjust, the Court grants Life Tech's request for an award of
4 attorney fees and costs.

5 Life Tech submits declarations and documentation for \$23,415.00 in legal fees incurred
6 "investigating the unauthorized disclosure, conferring with Morgan Lewis in attempts to reach an
7 acceptable resolution without court intervention, [taking depositions], and preparing this motion and
8 supporting documents." Motion at 15. Life Tech also seeks \$3,985.42 in fees for videography and
9 transcripts of the three depositions. *Id.*

10 The Court ORDERS Life Tech to submit, by **May 4, 2012**, any declarations and billing
11 records not already on file with this Court supporting its request for fees and costs, including fees
12 and costs incurred since filing the Motion. The Court also ORDERS Biosearch to file, by **May 11,**
13 **2012**, any objections it has to the reasonableness of Life Tech's request for fees and costs.
14 Following these submissions, the Court will issue a separate order on the reasonableness of the fees
15 and costs.

16 2. Morgan Lewis' Resort to "Self-Help"

17 To the extent Life Tech treats Morgan Lewis' reliance on "self-help" to claw-back the
18 inadvertent disclosure as a separate violation, the Court finds that such "self-help" is not
19 sanctionable under either Rule 37 or the Court's inherent powers. Regarding Rule 37, Life Tech has
20 not identified an order that was violated by Morgan Lewis' conduct immediately following Morgan
21 Lewis' discovery of the disclosure. Nor can the Court identify one. Patent Local Rule 2-2 does not
22 contain a notification provision. And, of course, the protective order was not entered until nearly 10
23 months after the "self-help" conduct at issue.

24 The Court also finds that Johnson's and Mann's conduct was not a display of bad faith, and
25 therefore sanctions are not warranted under the Court's inherent powers. Life Tech—asserting that
26

27 ⁹ Biosearch's citation to *Hechavarria v. City and County of San Francisco*, 2010 U.S. Dist.
28 LEXIS 131184 (N.D. Cal. Nov. 30, 2010) is incorrect. The Court there based its sanctions order solely
on its inherent powers. *Id.* at *8.

bad faith is not required—does not make a showing of bad faith. Indeed, it is not questioned that Johnson and Mann took immediate action in attempting to claw-back the notebooks once they learned of the disclosure. Nor is it questioned that Johnson or Mann did not destroy, or direct to be destroyed, copies of the notebooks that contained discoverable information. The fact that Morgan Lewis’ investigation into the disclosure was less than complete—e.g., it remained unaware that copies of the notebook had been distributed outside of Biosearch—does not indicate bad faith as much as a lack of thoroughness. Under these circumstances, the Court’s exercise of its inherent powers would be inappropriate.

3. Johnson’s and Mann’s Failure to Inform Following Entry of the April 6, 2011 Protective Order

As discussed above, Rule 37 may serve as the basis for sanctions for violation of a protective order. *See* Fed. R. Civ. P. 37(b)(2); *see also Nat’l Med.*, 792 F.2d at 910; *Harmston*, 2007 WL 3306526, at *3. Life Tech argues that once the protective order was entered on April 6, 2011, Johnson and Mann were required to notify Life Tech of the disclosure they discovered on June 17, 2010. Biosearch contends that since its failure to notify following the entry of the protective order was not done in bad faith, it cannot be held liable for the failure.

As a preliminary matter, the Court must decide whether the protective order has any relevance here. Life Tech argues that the order applies to all documents submitted in the case, even those produced before the entry of the order. Biosearch does not directly dispute the order’s application to the present dispute, but notes that the inadvertent disclosure occurred nearly a year before the entry of the order, with its notice provision.

The Court finds that even though the order may apply retroactively to all documents produced, it does not necessarily apply to disclosures of those documents made prior to the entry of the protective order.¹⁰ The order is silent as to retroactive effect and the language in the order is, at

¹⁰ The Court also notes that at least two courts have declined to give a protective order retroactive effect to cover documents produced prior to the entry of the order. *See Calderwood, Jr. v. Omnisource Corp.*, 2006 WL 1305092, at *1-2 (N.D. Ohio May 10, 2006) (finding that the protective order contained no provision allowing retroactive protection of documents produced before the protective order was in place); *Lambright v. Ryan*, 2010 WL 1780878, at *8 (D. Ariz. May 4, 2010)

best, ambiguous on the question. However, Biosearch does not dispute that the order *protects* documents produced prior to April 6, 2011. Additionally, to the extent Biosearch contests the order's effectiveness regarding its failure to notify Life Tech, the Court cannot conclude that the protective order has retroactive effect over a failure to notify 10 months prior to the order's entry. The Court does conclude, however, that the order can be read to have required notification of the disclosure if Mann or Johnson, or any other attorney subject to the order, knew the disclosure was ongoing as of April 6, 2011. Cook admits that Biosearch retained PDFs of the notebooks in its employees' email accounts in order to avoid violating the litigation hold. *See* Opposition at 4 (citing Schmid Decl. Ex. E (Cook Depo.), 28:24 – 29:11). These copies remained in the employees' possession until at least the employees' December 2011 depositions, when Life Tech demanded they be destroyed. *Id.* If Mann or Johnson knew that Biosearch employees possessed copies of the notebooks in their email accounts, beginning April 6, 2011, the protective order required him to notify Life Tech immediately. *See* Protective Order, Dkt. No. 174, ¶ 3(d) ("In the event of any disclosure . . . of [confidential] material, the Receiving Party responsible for the disclosure shall immediately notify the Designating Party of all the pertinent facts and make every reasonable effort to prevent further unauthorized disclosure, including retrieving all copies of the [confidential] material from the unauthorized recipient(s)"); *see also Harmston*, 2007 WL 3306526, at *4 ("In determining whether the protective order was violated, the Court will read the order 'in a reasonable and common sense manner.'").

However, there is insufficient evidence to conclude that Mann or Johnson knew Biosearch employees retained PDF copies of the notebooks. Cook's deposition reveals only that *he* ordered Sowers and Beal to destroy any notebook material, except "to leave any e-mail as it was and not to appear to delete relevant e-mails to this action." Schmid Decl. Ex. E (Cook Depo.), 27:5-12. There is no indication that this order came from Mann or Johnson, or, moreover, that Mann or Johnson

("The Court's protective order, entered on September 23, 2003, does not state that it applied retroactively. Thus, the only materials that fall within the scope of the order are those that were disclosed after the order issued on September 23, 2003."); *but see Allen v. City of New York*, 420 F. Supp. 2d 295, 300 (S.D.N.Y. 2006) (questioning retroactive effect of protective order but finding that retroactivity was warranted under the particular circumstances of the case).

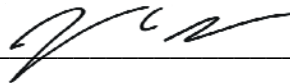
1 were aware of it prior to Life Tech's discovery of the disclosure. Their declarations both assert that
2 Cook was told to "destroy all copies of the Notebook, or portions thereof," without qualification.
3 Mann Decl., ¶ 4; Johnson Decl., ¶ 4. They both later confirmed with Cook that "all copies of the
4 notebooks, or portions thereof," were destroyed. *Id.* Without any evidence directly indicating that
5 Mann or Johnson knew of the employees' retention of the emails prior to Life Tech's awareness of
6 the disclosure, the Court cannot conclude that Mann or Johnson violated the protective order.
7 Accordingly, no sanctions are warranted for this alleged violation.

8 **V. CONCLUSION**

9 For the reasons stated above, Plaintiff's Motion for Sanctions is GRANTED in part and
10 DENIED in part.

11 IT IS SO ORDERED.

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13 Dated: May 7, 2012

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16 JOSEPH C. SPERO

17 United States Magistrate Judge
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